

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

FOR IMMEDIATE RELEASE
April 25, 2001

Contact: Stu Nagurka or Steve Posner
(202) 224-0642

Statement of Senator Kent Conrad
Budget Resolution Conference
April 25, 2001

I wish I could say that I expect today's meeting to be substantive, and that there is real hope that we could reach a bipartisan conference agreement. But clearly and most unfortunately, I expect neither.

The sad truth is that this conference is proceeding in a partisan manner, in much the same way debate on the budget all year has occurred. It is regrettable that the Bush Administration and my Republican colleagues still do not back up talk of bipartisanship with action.

As many of my colleagues know, the House-passed budget resolution closely mirrors the budget blueprint presented by President Bush. It calls for a massive tax cut – \$1.6 trillion over the next 10 years. In reality, the President's tax package is likely to cost far more – because the Administration has underestimated the cost of its proposals and has not addressed issues like reform of the alternative minimum tax (AMT) or other provisions of current law that need to be extended.

There has been some recognition in the Senate that the President's tax cut is too big. In fact, the Senate passed a budget resolution that cut the President's tax cut by one-fourth.

However, I voted against the resolution because it still contains too large of a tax cut and it does not deal sufficiently with the long-term debt this nation faces when the large numbers of baby-boomers begin to retire just outside the 10-year budget window.

The Bush Administration and Congressional Democrats have put forth two strikingly different proposals for our nation's budget. Let me highlight the two most fundamental differences between the two fiscal approaches.

In his budget, President Bush indicated he would pay off \$2 trillion of our nation's publicly-held debt. Democrats believe we can and should pay off much more. We believe in paying down public debt by \$2.9 billion, in order to reduce the burden on future generations.

- MORE -

- PAGE 2 -

Second, Democrats believe in setting aside real resources for long-term debt. We believe we should reserve \$750 billion of non-Social Security, non-Medicare surpluses to provide for long-term reform of Social Security and Medicare.

We all know our nation faces a demographic tidal wave that will push us back into deficits when large number of baby-boomers start retiring just after the end of the current 10-year budget window. Reducing the Senate-passed tax cut further, and devoting more resources to debt reduction is the right policy for our nation right now.

This conference committee faces a rare moment of decision. The conference will determine whether we abandon the fiscal discipline that has balanced the budget, built surpluses, and allowed us to pay down the national debt. These policies set the stage for the longest period of sustained economic growth in our nation's history. The conference will decide whether we push this nation back into the days of deficit spending, and pass a heavy burden of debt onto our children.

In light of our current budget situation, I support providing substantial tax relief to all Americans. We ought to put money back into the hands of the taxpayers.

But we must also pay off our nation's debt and set aside resources to shore up Social Security and Medicare over the long term. That's the right budget for our nation.

- END -